

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 21, 2011

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: SB385 by Williams (Relating to the creation of an alternative fuel program to be funded by the Texas emissions reduction plan fund.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would create a new grant program called the Alternative Fueling Facilities Program to be administered by the Texas Commission on Environmental Quality (TCEQ) and funded out of the General Revenue-Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071. Grants under this program would be for entities to construct, reconstruct, or acquire a facility to store, compress, or dispense alternative fuels in non-attainment areas.

The bill would modify the allocation of TERP Account No. 5071 funding as follows: of the 87.5 percent that is allocated to the TERP Diesel Emissions Reduction Incentive Program, 5.0 percent would be allocated to the current Texas Clean Fleet Program, and 2.0 percent would be used for the new Alternative Fueling Facilities Program. After funds are allocated to grant recipients in the Alternative Fueling Facilities Program, the bill would authorize the agency to allocate unexpended money in the grant program to other programs under the Diesel Emissions Reduction Incentive Program.

The allocation of 2.0 percent of funds in the Diesel Emissions Reduction Incentive Program to an Alternative Fueling Facilities Program would reduce funds currently allocated to established TERP incentive grants (Emissions Reduction Incentive Grants, Rebate Grants, and Third-Party Grants). Based on 2010-11 expended/budgeted levels, the 2.0 percent designation would result in approximately \$2.3 million in annual funding for the Alternative Fueling Facilities program, instead of other incentive grants. Because the TCEQ allocated 5.0 percent of the Diesel Emissions Reduction Incentive Program funding to the Clean Fleet Program during the 2010-11 biennium, the 5.0 percent designation for the Clean Fleet Program is not expected to have a fiscal impact.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 582 Commission on Environmental Quality, 712 Texas Engineering Experiment Station

LBB Staff: JOB, SZ, TL